

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Thursday, February 19, 2003

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice-Chairperson
Mr. Gerald Machida (Arrived 9:45 am)
Ms. Kathryn Matayoshi
Mr. Will Miyake

Mr. Dayton Nakanelua
Mr. John Radcliffe
Mr. Davis Yogi

TRUSTEES ABSENT

Ms. Joan Lewis, Secretary-Treasurer
Mr. Bob Awana
Mr. Neal Miyahira

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

EUTF STAFF

Mr. H. Mark Fukuhara, Administrator
Ms. Maria Quartero
Ms. Kathleen Shiroma
Mr. Leslie Ozawa

Mr. John Garner, Consultant
Ms. Gerti Reagan, Consultant
Ms. Donna Tonaki

OTHERS PRESENT

Ms. Lynette Arakawa, HDS
Ms. Alana Deppe-Mariota, Kaiser Permanente
Ms. Monica Engle, VSP
Ms. Elaine Fujiwara, HDS
Mr. Maurice Morita, HSTA

Ms. Karen Muronaka, HSRTA
Ms. Celeste Nip, HFFA
Mr. L. Thomas Ramsey, UHPA
Mr. Rod Tam, HMSA
Ms. Lori Taniguchi, Royal State Group

I. CALL TO ORDER

The meeting of the Board of Trustees was called to order at 9:19 a.m. by Trustee Audrey Hidano, Vice-Chairperson, in Conference Room 204, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Wednesday, February 19, 2003.

II. APPROVAL OF MINUTES: None

III. COMMITTEE REPORTS

A. ADMINISTRATIVE COMMITTEE:

Chair Matayoshi reported that the Administrative Committee meeting is scheduled for tomorrow, February 19, 2003, 8 a.m., conference room 204, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii. Items for discussion will be on the staffing and the action plan for open enrollment.

B. RULES COMMITTEE:

Chair Yogi reported that the different versions of the draft Administrative Rules were given to the Trustees to review. He recommended that the Board move to adopt the Administrative Rules, Proposed Final Draft with Additional Revisions, version 10/3/02 (see handout), and then proceed to make any desired amendments. After discussion by the Trustees, by consensus the Trustees agreed to follow Chair Yogi's recommendation. Chair Yogi added that Rule 2.00 had been filed with the Lt. Governor's office as of February 18, 2003.

1. Review and approval of Administrative Rules (Proposed Final Draft with Additional Revisions, version 10/3/02):

MOTION was made to adopt the proposed final draft of Administrative Rules dated October 10, 2003 as amended. (Yogi/Matayoshi)

2. First Amendment:

MOTION was made to amend the Administrative Rules to include domestic partners where appropriate. (Radcliffe/Matayoshi) After discussion by the Trustees, the motion was passed unanimously. (Employer Trustees 3/Employee-Beneficiary Trustees 3)

3. Second Amendment:

MOTION was made to amend the Administrative Rules to say that part-time, temporary, seasonal, and casual employees shall have the same meaning as set forth in Section 87A-1 of Hawaii Revised Statutes. (Yogi/Radcliffe) After discussion by the Trustees, the motion was passed unanimously. (Employer Trustees 3/Employee-Beneficiary Trustees 3)

4. Third Amendment:

Mr. Garner recommended that Trustees make a motion to amend Rule 4.07 to require verification of eligibility for employee-beneficiaries as well dependent-beneficiaries and to add "or" in front of dependent beneficiaries.

MOTION was made to amend Rule 4.07 to require verification of eligibility for employee-beneficiaries and to add "employee-beneficiaries or" in front of dependent-beneficiaries. (Radcliffe/Yogi) After discussion by the Trustees, the motion passed unanimously. (Employer Trustees 3/Employee-Beneficiary Trustees 3)

Trustee Machida arrives at 9:45 a.m.

5. Premiums for Retirees:

Mr. Garner reported that not all incumbent carriers of the PEHF were aware of how the PEHF has been paying premiums for retirees. He said that if there is a retiree without Medicare who has a spouse with Medicare, the PEHF has been paying family premiums based on a retiree with Medicare. The question was asked as to how the Trust Fund would handle this situation. In reviewing Act 88, it appears that the contribution caps are geared to the Medicare status of the employee beneficiary without regard to whether his or her dependent-beneficiary has Medicare. He said that a rule is not necessary, but wanted it to be clear that it is our intent to pay premiums in accordance with a literal reading of the statute.

6. Public Comments:

Chair Yogi began reviewing letters that had been received by the Rules Committee regarding the draft Administrative Rules.

- a. Letters from Tom Ramsey and Eldon L. Wegner (see handout)
Mr. Ramsey stated that he is happy that the board included domestic partners. A written response from the board will be sent to Mr. Ramsey and Mr. Wegner.
- b. Letter from Pat Hamamoto (see handout)
Comment only, no response necessary.
- c. Letters/memos from Mel Higa (Deferred)
Trustee Miyake stated that he had a conversation with Mel Higa yesterday and he is considering withdrawing all of his comments and considering the possibility of writing the Chair of the Rules Committee that he is withdrawing all of his comments. He added that Mr. Higa and Mr. Khim were not going to be in attendance today and will not be providing any reaction or comments or recommendation regarding their letters. He said that Mr. Higa said that if the Board seems satisfied with the rules to just go forward and adopt as is. He added that because Mr. Higa is not here, he does not know whether Chair Yogi still wants to review each of Mr. Higa's letters or memos. Chair Yogi stated that since Mr. Higa is not here he does not want to assume anything and deferred the letters and memos from Mr. Higa.
- d. Letters from Charles Khim (Deferred)
Trustee Miyake said that Mr. Khim was not in the conversation but it is the same situation as Mr. Higa. Chair Yogi deferred the letters from Mr. Khim.
- e. Letter from Laborers International Union Local 368 and response letter from Board Chair Callejo indicating that the state is not in the position or authority to implement their request. (see handout)

- f. Letter from Solomon Wong and response letter (see handouts)
Mr. Garner stated that Mr. Wong is incorrect in thinking someone is required to be in the medical plan to receive medical reimbursement. A letter can be sent to say that under the rules adopted on February 19, 2003 there is no requirement that anyone has to be signed up for a medical plan in order to receive medical reimbursement.

7. Motion to Adopt Administrative Rules, as Amended:

MOTION was made to adopt the Administrative Rules (Proposed Final Draft with Additional Revisions, version 10/3/02), as amended. (Yogi/Matayoshi)
After discussion by the Trustees, the motion was passed. (Employer Trustees/3 and Employee-Beneficiary Trustees/3 - Yes, Trustee Miyake – No)

C. BENEFITS COMMITTEE

1. RFP issues and related topics

- a. It was noted that the Trustees had been given a copy of the questions and answers to RFP. No. 03-001, as requested.
- b. List of requests for changes to RFP (10/17/02) (see handout)

Mr. Garner stated that no action is necessary. Mr. Fukuhara reported that the list was reviewed and no changes are required or need a response. He added that any issues raised by the requested changes could be clarified in final contract negotiations.

Trustee Miyake recommended that the Board dispense with all the letters and comments and move forward to adopt plans as recommended by the Trust Fund's benefits consultant. He stated that he has been given instruction in terms of what he needs to do at this meeting and we need to move forward in selection of plans necessary for implementation for open enrollment in May 2003. He added that there is no point in amending the RFP. Plans should be selected based upon the RFP as written. By consensus, the Trustees agreed to dispense with the review of all remaining letters and comments relating to the RFP.

- c. Letter from Trustee Will Miyake (see handout) - deferred as above.
- d. Draft letter to Mel Higa – deferred as above.
- e. Letters to carriers regarding RFP No. 03-001 (see handout)

Mr. Fukuhara reported that letters were sent to all the carriers asking if they would hold the rates they proposed until March 15, 2003. All the

carriers responded that they would hold their rates as long as there are no significant changes.

- f. Letter and information from HMA Inc and response letter (see handout)

Mr. Fukuhara stated that a response was sent.

MOTION was made to issue an addendum to RFP No. 03-001 to extend the date from January 15, 2003 to March 15, 2003. (Radcliffe/Matayoshi) The motion passed unanimously. Employer Trustees 3/Employee-Beneficiary Trustees 4)

Trustee Yogi recommended that the staff review the Administrative Rules, incorporate all the language as per the board's amendments, send the amended Administrative Rules to the Attorney General for final review, submit the amended Administrative Rules to the Governor, and file the amended Administrative Rules with the Lt. Governor's office. He also announced that after the Administrative Rules are filed and formal letters are received from Mr. Higa and Mr. Khim regarding their letters and comments, the Rules Committee would cease existence.

Mr. Fukuhara informed the Trustees that in order to save time and paper, from and after the next meeting, only new materials will be in their packets and they should bring materials that were not discussed to the next board meeting. New materials will be e-mailed to Trustees in advance as much as possible with the exception of Trustee Nakanelua's that will be faxed to him. Trustee Miyake requested hard copies in addition to the e-mail copies.

IV. OTHER REPORTS (Deferred)

A. ADMINISTRATOR (Deferred)

- 1. EUTF/PEHF Transition
- 2. Communication Plan
- 3. Annual Report
 - a. Letters from Trustee Miyake and response letter

B. DEPUTY ATTORNEY GENERAL: (Deferred)

C. BENEFITS CONSULTANT: (Deferred)

V. UNFINISHED BUSINESS: (Deferred)

VI. NEW BUSINESS (Deferred)

A. Election of New Chair or Interim Chair

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES (Deferred)

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Trustee Nakanelua asked for the status of the formal opinion on the impact of collective bargaining that Trustee Lewis requested. Mr. Aburano stated that the AG's committee will be reviewing it tomorrow and a copy should be provided at the next board meeting on February 26, 2003.

MOTION was made to go into executive session. (Matayoshi/Radcliffe) The motion was passed unanimously. (Employer trustees 3/Employee-Beneficiary trustees 4)

IX. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Matayoshi/Radcliffe) The motion was passed unanimously. (Employer trustees 3/Employee-Beneficiary trustees 4)

The meeting was adjourned at 4 p.m.

Respectfully submitted,

/s/

BOB AWANA, Secretary-Treasurer

APPROVED on November 19, 2003.

Documents Distributed:

1. Administrative Rules Proposed Final Draft w/Additional Revisions Version 10/3/02. (25 Pages)
2. Definitions of Domestic Partners – 2/19/03 (1 Page)
3. Letter from Tom Ramsey dated 10/16/02. (1 Page)
3. Letter from Eldon L. Wegner dated 10/16/02. (1 Page)
4. Letter from Patricia Hamamoto dated 10/17/02. (1 Page)
5. Letter from Melvin Higa dated 10/15/02 regarding rules. (5 Pages)
6. Letter from Melvin Higa dated 10/18/02 regarding rules. (5 Pages)
7. Letter from Melvin Higa dated 10/23/02 regarding rules. (1 Page)
8. Letter from Melvin Higa dated 10/23/02 regarding rules. (2 Pages)
9. Letter from Melvin Higa dated 10/25/02 regarding rules. (9 Pages)
10. Letter from Charles Khim dated 10/25/02 regarding rules. (5 Pages)
11. Letter from Charles Khim dated 2/4/03 regarding rules. (4 Pages)
12. Letter from Charles Khim dated 2/10/03 regarding rules. (2 Pages)
13. Letter from Laborers Local 368 dated 11/1/02. (6 Pages)
14. Response Letter from Chief of Staff to Laborers dated 11/15/02. (1 Page)

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Board of Trustees Meeting

February 19, 2003 Minutes

PAGE 7

15. Letter from Solomon W.H. Wong dated 12/18/02. (4 Pages)
16. Response Letter from Governor Lingle to Solomon Wong dated 1/6/03. (1 Page)
17. List of Requests for Changes to RFP dated 10/17/02. (7 Pages)
18. Letter from Trustee Miyake dated 11/20/03. (8 Pages)
19. Letter and Information from HMA Inc. dated 11/22/02. (11 Pages)
20. Response Letter from Administrator to HMA Inc dated 11/26/02. (1 Page)
21. Letter from Melvin Higa dated 2/11/03 regarding request for changes to RFP. (7 Pages)
22. EUTF Communication Plan dated 11/4/02. (4 Pages)
23. EUTF Annual Report FY01-02 dated 12/2002. (5 Pages)
24. Letter from Trustee Miyake dated 12/18/02 regarding Annual Report. (2 Pages)
25. Response from Administrator to Trustee Miyake dated 12/24/03. (1 Page)
26. Letter from Trustee Miyake dated 12/26/02 regarding Annual Report. (1 Page)
27. Memorandum from Melvin Higa dated 2/12/03 regarding Annual Report. (1 Page)
28. Resignation Letter from Sam Callejo dated 12/2/02. (1 Page)
29. Appointment Letter to Bob Awana dated 12/13/02. (1 Page)
30. Appointment Letter to Dayton Nakanelua dated 1/24/03. (1 Page)
31. Appointment Letter to John Radcliffe dated 1/24/03. (1 Page)
32. Approved Minutes of 8/20/02. (7 Pages)
33. Approved Minutes of 8/26/02. (12 Pages)